

# **EXHIBIT RR.1**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In Re: Cae No:

RESIDENTIAL CAPITAL, LLC, et. al, 12-12020(MG)

Debtors.

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VIDEOTAPE DEPOSITION OF TIMOTHY DEVINE

New York, New York

November 19, 2012

10:17 a.m.

Reported by:  
ERICA L. RUGGIERI, RPR  
JOB NO: 27973

<p style="text-align: right;">102</p> <p>1 TIMOTHY DEVINE</p> <p>2 period ended March 31, 2012. But I -- but</p> <p>3 I'm in no position to authenticate that</p> <p>4 this document is what the front page of it</p> <p>5 indicates it is. That's not in my job.</p> <p>6 <b>Q. It's already been authenticated,</b></p> <p>7 <b>Mr. Devine. You saw the 10-Q at the time</b></p> <p>8 <b>it was filed?</b></p> <p>9 A. I can't say I saw the 10-Q. I</p> <p>10 probably saw parts of it.</p> <p>11 <b>Q. Did you participate in its</b></p> <p>12 <b>preparation?</b></p> <p>13 A. I gave advice to the client in</p> <p>14 connection with its preparation.</p> <p>15 <b>Q. The 10-Q was filed on April 27,</b></p> <p>16 <b>2012, right?</b></p> <p>17 A. I don't know.</p> <p>18 <b>Q. Take a look at page 73.</b></p> <p>19 A. Okay.</p> <p>20 <b>Q. And directing your attention to</b></p> <p>21 <b>the heading Potential Losses, Litigation</b></p> <p>22 <b>Repurchase Obligations and Related Claims.</b></p> <p>23 <b>Do you see that?</b></p> <p>24 A. Yes.</p> <p>25 <b>Q. Did you participate in the</b></p>	<p style="text-align: right;">104</p> <p>1 TIMOTHY DEVINE</p> <p>2 <b>this exhibit -- it's all part of note 24,</b></p> <p>3 <b>isn't it?</b></p> <p>4 MR. PRINCI: Objection as to</p> <p>5 form.</p> <p>6 A. Yeah, I don't know. I -- I --</p> <p>7 I -- I guess it is.</p> <p>8 <b>Q. You guess it is.</b></p> <p>9 A. I'm reading this with you right</p> <p>10 now, okay?</p> <p>11 <b>Q. Okay. And note 24 deals with</b></p> <p>12 <b>contingencies and other risks; is that</b></p> <p>13 <b>correct?</b></p> <p>14 A. At this page that looks like it</p> <p>15 might be page 66 there's a heading 24,</p> <p>16 Contingencies and Other Risks.</p> <p>17 <b>Q. And among the contingencies</b></p> <p>18 <b>addressed are loan repurchase obligations</b></p> <p>19 <b>related to loan sales, correct?</b></p> <p>20 A. Where -- where are you looking?</p> <p>21 <b>Q. On pages 68 and 69. One of the</b></p> <p>22 <b>contingencies identified in note 24 is</b></p> <p>23 <b>Loan Repurchases and Obligations Related</b></p> <p>24 <b>to Loan Sales, right?</b></p> <p>25 A. That seems to be correct. I'm</p>
<p style="text-align: right;">103</p> <p>1 TIMOTHY DEVINE</p> <p>2 <b>preparation of any of the material under</b></p> <p>3 <b>this heading?</b></p> <p>4 A. Yes.</p> <p>5 <b>Q. The paragraphs under that</b></p> <p>6 <b>heading, until you get to the number 25</b></p> <p>7 <b>that says Subsequent Events, up until</b></p> <p>8 <b>that, those are part of note 24, which</b></p> <p>9 <b>begins on page 66, correct?</b></p> <p>10 A. It may be a copying issue but I</p> <p>11 have a blank page at page 66.</p> <p>12 <b>Q. Okay. On the other side of it.</b></p> <p>13 <b>On the other side of what appears on this</b></p> <p>14 <b>copy of the exhibit to be a blank, you see</b></p> <p>15 <b>the notes? This is all part of note 24,</b></p> <p>16 <b>right, that runs from that page, and it</b></p> <p>17 <b>doesn't have -- it's a copying error, the</b></p> <p>18 <b>66 which is on the back. It runs from</b></p> <p>19 <b>there to page 73. Can we agree on that?</b></p> <p>20 A. I -- I -- what are we agreeing</p> <p>21 on, sorry?</p> <p>22 <b>Q. That note 24 -- let's -- let's</b></p> <p>23 <b>do it this way. That the material on page</b></p> <p>24 <b>73 up until you get to the note 25 begins</b></p> <p>25 <b>on the page following page number 65 in</b></p>	<p style="text-align: right;">105</p> <p>1 TIMOTHY DEVINE</p> <p>2 just reading this page 68 and that's --</p> <p>3 that's what that heading says, Loan</p> <p>4 Repurchases and Obligations Related to</p> <p>5 Loan Sales.</p> <p>6 <b>Q. Okay. And those obligations are</b></p> <p>7 <b>described with a number of types of</b></p> <p>8 <b>transactions, including government</b></p> <p>9 <b>sponsored enterprises or GSEs, right?</b></p> <p>10 A. Well, at this point you are</p> <p>11 asking me to characterize the structure</p> <p>12 and content of the document. And I'm just</p> <p>13 not in a position to do that.</p> <p>14 MR. BRYAN: Maybe if you could</p> <p>15 direct the witness to a particular</p> <p>16 part where there's a reference to</p> <p>17 GSEs, do it that way.</p> <p>18 <b>Q. On the bottom of page 69</b></p> <p>19 <b>government sponsored enterprises are</b></p> <p>20 <b>listed as one category, are they not?</b></p> <p>21 A. What I can tell you is I see at</p> <p>22 the bottom of page 69 a paragraph</p> <p>23 beginning right at the bottom of the page,</p> <p>24 the heading of which is Government</p> <p>25 Sponsored Enterprises.</p>

<p style="text-align: right;">134</p> <p>1 TIMOTHY DEVINE</p> <p>2 person who wrote it, but it appears to</p> <p>3 represent the information submitted as</p> <p>4 part of a fourth quarter 2011 CCAR</p> <p>5 submission.</p> <p>6 <b>Q. Okay.</b></p> <p>7 A. And to include data projections</p> <p>8 through 2013.</p> <p>9 <b>Q. And then the additional items</b></p> <p>10 <b>below adjusted that to make a presentation</b></p> <p>11 <b>that ran through the first quarter of</b></p> <p>12 <b>2012, correct?</b></p> <p>13 A. Yes. If what you are asking is</p> <p>14 does this slide as a whole describe the</p> <p>15 identified potential exposures as of first</p> <p>16 quarter 2012, the answer is yes.</p> <p>17 <b>Q. The first line under additional</b></p> <p>18 <b>items says "Estimated nonwrapped potential</b></p> <p>19 <b>exposure beyond 2013." What did that</b></p> <p>20 <b>refer to?</b></p> <p>21 A. Well, I can tell you sitting</p> <p>22 here today what, as I recall, what it</p> <p>23 referred to.</p> <p>24 <b>Q. We can only ask for your</b></p> <p>25 <b>recollection, Mr. Devine.</b></p>	<p style="text-align: right;">136</p> <p>1 TIMOTHY DEVINE</p> <p>2 of a defect rate of a nonloan level for</p> <p>3 those populations.</p> <p>4 <b>Q. Okay. And the next line under</b></p> <p>5 <b>Additional Items says "Potential</b></p> <p>6 <b>investor/securities litigation." Do you</b></p> <p>7 <b>see that?</b></p> <p>8 A. Yes, I see it.</p> <p>9 <b>Q. Is the amount shown for that</b></p> <p>10 <b>item \$400 million, the estimate of</b></p> <p>11 <b>exposure for securities fraud claims at</b></p> <p>12 <b>that point?</b></p> <p>13 A. No.</p> <p>14 <b>Q. Okay. What does it represent?</b></p> <p>15 A. As I sit here today, my memory</p> <p>16 is that it represents the estimated top</p> <p>17 end of the range of reasonably possible</p> <p>18 losses for ResCap over time related to</p> <p>19 litigation and -- repurchase obligation of</p> <p>20 related claims. Meaning, as I understand,</p> <p>21 that would have been subject to certain</p> <p>22 stresses beyond what the estimated</p> <p>23 exposure would have been.</p> <p>24 <b>Q. Mr. Devine, I was only focusing</b></p> <p>25 <b>on the line that says "Potential</b></p>
<p style="text-align: right;">135</p> <p>1 TIMOTHY DEVINE</p> <p>2 A. Okay. So as I recall sitting</p> <p>3 here today, the estimated nonwrapped</p> <p>4 potential exposure beyond 2013 represented</p> <p>5 estimated lifetime losses, which I'm</p> <p>6 testing with the note here, multiplied by</p> <p>7 risks post fund audit defect rates</p> <p>8 adjusted for litigation defenses. Risk</p> <p>9 referred to Todd Kushman's group. And so</p> <p>10 that would have been -- what I don't</p> <p>11 remember is nonwrapped potential exposure</p> <p>12 beyond 2013, whether that would have</p> <p>13 included anything beyond private label</p> <p>14 securities nonwrapped potential exposure.</p> <p>15 I just don't remember.</p> <p>16 <b>Q. The next line under Additional</b></p> <p>17 <b>Items says "Adj. for application of defect</b></p> <p>18 <b>rate at a nonloan level for nonwrapped PLS</b></p> <p>19 <b>and additional provision for wrapped PLS."</b></p> <p>20 <b>Do you see that?</b></p> <p>21 A. I see it, yeah.</p> <p>22 <b>Q. And that shows an adjustment of</b></p> <p>23 <b>\$500 million upwards for nonwrapped and</b></p> <p>24 <b>wrapped PLS exposure, right?</b></p> <p>25 A. Well, it represents application</p>	<p style="text-align: right;">137</p> <p>1 TIMOTHY DEVINE</p> <p>2 <b>investor/securities litigation." And</b></p> <p>3 <b>there's a \$400 million number next to</b></p> <p>4 <b>that. Wasn't that some estimate of the</b></p> <p>5 <b>possible or reasonably possible range of</b></p> <p>6 <b>loss for securities litigation?</b></p> <p>7 MR. BRYAN: Object to form.</p> <p>8 A. Yeah. Well, there's a lot of</p> <p>9 detail behind that line. And as I sit</p> <p>10 here today, I just can't remember the</p> <p>11 detail. But as I recall, that would have</p> <p>12 been a number subject to a variety of</p> <p>13 stresses that were imposed on the process</p> <p>14 from outside of this sort of legal</p> <p>15 advisory function.</p> <p>16 <b>Q. Right. Okay.</b></p> <p>17 A. That's the more complete answer.</p> <p>18 <b>Q. Let me show you what's been</b></p> <p>19 <b>marked previously as Exhibit 83.</b></p> <p>20 A. Thank you.</p> <p>21 <b>Q. Which is an e-mail chain on May</b></p> <p>22 <b>4, 2012. There are two e-mails in this</b></p> <p>23 <b>exhibit. Did you receive the one from</b></p> <p>24 <b>Mr. Lee on May 4?</b></p> <p>25 A. Yeah, it looks like I did. Yes.</p>

<p style="text-align: right;">246</p> <p>1 TIMOTHY DEVINE</p> <p>2 today, I don't remember what that set off</p> <p>3 curve ball was but I was persuaded by my</p> <p>4 own counsel that it was something</p> <p>5 unfavorable to us and so I said it's out,</p> <p>6 no value.</p> <p>7 <b>Q. At the time you sent your e-mail</b></p> <p>8 <b>at 10:05 on May 9th, did you understand</b></p> <p>9 <b>what setoff curve ball you were referring</b></p> <p>10 <b>to?</b></p> <p>11 A. As I sit here today, I don't</p> <p>12 remember. I confess I may very well not</p> <p>13 have understood what I was talking about.</p> <p>14 <b>Q. Is it your testimony,</b></p> <p>15 <b>Mr. Devine, that you were sending e-mails</b></p> <p>16 <b>around at this point in the negotiations,</b></p> <p>17 <b>May 9th, 2012, without understanding what</b></p> <p>18 <b>it was you were talking about?</b></p> <p>19 MR. BRYAN: Objection to form.</p> <p>20 Argumentative. Misstates his</p> <p>21 testimony.</p> <p>22 A. What I mean to say is that it</p> <p>23 occurs to me and appears to me based on</p> <p>24 the cadence of these e-mails and the</p> <p>25 timing, although frankly I don't -- I</p>	<p style="text-align: right;">248</p> <p>1 TIMOTHY DEVINE</p> <p>2 of the conversation, at least from my</p> <p>3 perspective in the deal.</p> <p>4 <b>Q. Mr. Devine, given what you have</b></p> <p>5 <b>claimed is your limited expertise, why</b></p> <p>6 <b>were you injecting yourself into the</b></p> <p>7 <b>discussion on these matters? Why didn't</b></p> <p>8 <b>you just let Mr. Schrock and Mr. Lee hash</b></p> <p>9 <b>it out?</b></p> <p>10 MR. BRYAN: Objection as to</p> <p>11 form.</p> <p>12 A. I was driving a deal to</p> <p>13 conclusion.</p> <p>14 <b>Q. What deal?</b></p> <p>15 A. The deal that is represented in</p> <p>16 gross by the resolution between the ResCap</p> <p>17 estate and the RMBS claimants, both the</p> <p>18 Kathy Patrick and Talcott Franklin in the</p> <p>19 one sense and also the tripartite</p> <p>20 agreement between Ally, the ResCap</p> <p>21 entities and the claimants. And I thought</p> <p>22 it was a good deal and I still to this day</p> <p>23 think it's a good deal. And I saw that to</p> <p>24 my mind anyway the essential elements of a</p> <p>25 deal had been worked out that were</p>
<p style="text-align: right;">247</p> <p>1 TIMOTHY DEVINE</p> <p>2 don't remember sitting here today what the</p> <p>3 ultimate timing of a deal was, when hands</p> <p>4 were shaken on final language. I'm kind</p> <p>5 of eager to see where that -- where that</p> <p>6 goes and where it ends. I wonder how</p> <p>7 close we were at May 9th at 10:05. But I</p> <p>8 will tell you that I was, I had a sense</p> <p>9 that a deal was doable and I didn't want</p> <p>10 anything getting in the way of the</p> <p>11 essential deal as I had understood it to</p> <p>12 take shape.</p> <p>13 So if somebody told me at some</p> <p>14 time before 10:05 on Wednesday, May 9th</p> <p>15 somebody was throwing a curve ball setoff</p> <p>16 or otherwise into the negotiations I may</p> <p>17 well have taken the time to figure out</p> <p>18 what they were talking about in</p> <p>19 consultation with my counsel. If it was</p> <p>20 too complicated or irrelevant to what my</p> <p>21 self understood scope was, maybe I</p> <p>22 listened and maybe I got half or more of</p> <p>23 it. I did recognize it as a potential</p> <p>24 obstacle of getting a deal done and so I</p> <p>25 was not ready to allow it to become part</p>	<p style="text-align: right;">249</p> <p>1 TIMOTHY DEVINE</p> <p>2 favorable and fair to all concerned and I</p> <p>3 wanted to get the deal done as I</p> <p>4 understood we were on a certain timeline.</p> <p>5 <b>Q. Looking at the top e-mail in the</b></p> <p>6 <b>chain from Mr. Lee to yourself, among</b></p> <p>7 <b>others, at 10:54 a.m. on May 9th, did you</b></p> <p>8 <b>receive that e-mail?</b></p> <p>9 A. It looks like I did, yes.</p> <p>10 <b>Q. And Mr. Lee wrote, "We will be</b></p> <p>11 <b>seeking ResCap board approval today. Does</b></p> <p>12 <b>Ally's board need to approve as it is</b></p> <p>13 <b>signing the PSA and ResCap is agreeing to</b></p> <p>14 <b>settle a claim in excess of 25 million,</b></p> <p>15 <b>which requires Ally approval under Ally's</b></p> <p>16 <b>governance framework. Please let us</b></p> <p>17 <b>know."</b></p> <p>18 <b>Did AFI's board need to approve?</b></p> <p>19 A. I don't know.</p> <p>20 <b>Q. Did Mr. Lee, to your knowledge,</b></p> <p>21 <b>receive a response to his inquiry?</b></p> <p>22 A. I don't know.</p> <p>23 <b>Q. Does Mr. Lee's reference to the</b></p> <p>24 <b>ResCap board -- his reference to seeking</b></p> <p>25 <b>ResCap board approval today, meaning</b></p>

<p style="text-align: right;">270</p> <p>1 TIMOTHY DEVINE</p> <p>2 party to the agreement has or may have at</p> <p>3 any time up to and including the date of</p> <p>4 the release.</p> <p>5 <b>Q. Did you intend to include within</b></p> <p>6 <b>the word "everything" claims that might be</b></p> <p>7 <b>asserted by any of the monolines?</b></p> <p>8 A. My understanding at the time was</p> <p>9 that the monolines would participate and</p> <p>10 were contemplated to participate in the</p> <p>11 settlement.</p> <p>12 <b>Q. But by May 10th the settlement</b></p> <p>13 <b>was already signed up, wasn't it?</b></p> <p>14 MR. PRINCI: Objection as to</p> <p>15 form.</p> <p>16 A. I don't know.</p> <p>17 <b>Q. Okay. Let's put it this way.</b></p> <p>18 <b>You knew it had been approved by the</b></p> <p>19 <b>ResCap board, didn't you?</b></p> <p>20 A. No.</p> <p>21 <b>Q. You didn't?</b></p> <p>22 A. No.</p> <p>23 <b>Q. So when you said everything in</b></p> <p>24 <b>this e-mail, did you intend or not intend</b></p> <p>25 <b>to include a release by the monolines of</b></p>	<p style="text-align: right;">272</p> <p>1 TIMOTHY DEVINE</p> <p>2 <b>release because that is the full extent of</b></p> <p>3 <b>her representation. She has been clear</b></p> <p>4 <b>about that. Same as in her" BofA -- "B of</b></p> <p>5 <b>New York Mellon work, etc."</b></p> <p>6 <b>Do you see that?</b></p> <p>7 A. Yes, I do see that.</p> <p>8 <b>Q. And then you said "But notice,</b></p> <p>9 <b>though her clients don't release</b></p> <p>10 <b>securities claims, they sign plan support</b></p> <p>11 <b>agreements and the plan includes very</b></p> <p>12 <b>simple comprehensive releases, which of</b></p> <p>13 <b>course include third-party release of all</b></p> <p>14 <b>claims which of course includes securities</b></p> <p>15 <b>claims. Presto. So while she can't</b></p> <p>16 <b>represent parties in giving up their</b></p> <p>17 <b>securities claims, clients face a choice,</b></p> <p>18 <b>either sign up with the settlement to make</b></p> <p>19 <b>sure your trust receives monies under the</b></p> <p>20 <b>waterfall in which case you need to sign</b></p> <p>21 <b>the plan support agreement and support the</b></p> <p>22 <b>plan. And the plan wipes out all their</b></p> <p>23 <b>claims of any sort. This is the beauty of</b></p> <p>24 <b>it."</b></p> <p>25 <b>Do you see that?</b></p>
<p style="text-align: right;">271</p> <p>1 TIMOTHY DEVINE</p> <p>2 <b>their claims?</b></p> <p>3 MR. BRYAN: Object to form. I</p> <p>4 knew -- I certainly knew that the</p> <p>5 monolines were not a signatory party</p> <p>6 to the settlement. But it was my</p> <p>7 understanding that the claims that</p> <p>8 they would or could enunciate in</p> <p>9 connection with the securities subject</p> <p>10 of the settlement would be included</p> <p>11 within the scope of the allowed claim.</p> <p>12 <b>Q. You said, "And we can define</b></p> <p>13 <b>securities claims narrowly." What do you</b></p> <p>14 <b>mean by that?</b></p> <p>15 A. What I meant by securities</p> <p>16 claims was claims brought by securities</p> <p>17 holders on traditional federal securities</p> <p>18 law or state blue sky or the closely</p> <p>19 Allied state common law fraud claims that</p> <p>20 would be characterized typically as a</p> <p>21 securities based claim.</p> <p>22 <b>Q. A bit further down in your</b></p> <p>23 <b>e-mail you said "The circle is squared at</b></p> <p>24 <b>the plan. KP can only get us the</b></p> <p>25 <b>everything but securities settlement</b></p>	<p style="text-align: right;">273</p> <p>1 TIMOTHY DEVINE</p> <p>2 A. I see that.</p> <p>3 <b>Q. So you were explaining how</b></p> <p>4 <b>execution of the plan support agreement</b></p> <p>5 <b>achieved releases of securities claims</b></p> <p>6 <b>even if the settlement agreement itself</b></p> <p>7 <b>did not, correct?</b></p> <p>8 A. What I was explaining is that in</p> <p>9 signing up for the settlement agreement</p> <p>10 between ResCap and -- with ResCap those</p> <p>11 parties were committing to sign a plan</p> <p>12 support agreement simultaneously, which to</p> <p>13 my understanding represented their</p> <p>14 valuation of the securities claims they</p> <p>15 were giving up and therefore they were</p> <p>16 supporting a plan which would include</p> <p>17 release of securities claims against the</p> <p>18 debtor and release of securities claims,</p> <p>19 such as they might be, against Ally</p> <p>20 Financial.</p> <p>21 <b>Q. And you thought that was pretty</b></p> <p>22 <b>clever, didn't you?</b></p> <p>23 MR. BRYAN: Object to form.</p> <p>24 MR. PRINCI: Objection as to</p> <p>25 form.</p>